



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

March 10, 2011

TO: Mayor Michael D. Antonovich  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe

FROM: William T Fujioka  
Chief Executive Officer

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

## **STATUS REPORT ON THE PROPOSED PLAN TO IMPLEMENT THE 1115 MEDICAID WAIVER INITIATIVE**

On November 16, 2010, your Board directed the Chief Executive Officer (CEO), the Interim Director of the Department of Health Services (DHS), and the Directors of the Departments of Mental Health (DMH) and Public Health to report back to the Board within 30 days, and monthly thereafter, on a proposed plan to implement the 1115 Medicaid Waiver (Waiver). The proposed plans should include descriptions of the following: 1) the Low Income Health Programs; 2) payment methodology to private providers that will be included in the Waiver program; 3) protocols for the performance-based Incentive Pool; 4) drawing down Safety Net Care Pool uncompensated care funds; 5) partnership with L.A. Care to move seniors and persons with disabilities into managed care; 6) preparation of workforce to implement the Waiver; 7) pressing outside technical assistance needs to ensure the County can immediately take advantage of this Waiver; 8) enrollment, revenue, and expenditure projections; 9) monitoring of implementation efforts; 10) implementation timeline for system and infrastructure developments needed to comply with milestones and expectations established by the Waiver; and 11) integration of health, mental health, and alcohol and substance abuse programs.

In addition, on December 7, 2010, your Board directed the CEO and the Directors of DHS and DMH to work with the Association of Community Human Service Agencies and the Community Clinic Association to report back to the Board within 60 days on a timeline and process to identify program sites to pilot the concept of patient-centered behavioral health care homes. Subsequently, we were also asked to include the California Association of Alcohol and Drug Program Executives. As this is related to the

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Waiver implementation plans, this item will be addressed in the monthly updates provided for the November 16, 2010, motion outlined above.

We initially reported to your Board on November 31, 2010, and our most recent update was dated January 31, 2011, which was presented to your Board on February 1, 2011, as a discussion item. This status update represents our efforts for the month of February 2011.

As previously reported, on November 2, 2010, the Centers for Medicare and Medicaid Services (CMS) approved the California Section 1115 Medicaid Demonstration, entitled "California's Bridge to Reform," for a five-year period starting November 1, 2010, and many details of this Waiver are still being addressed. Although details have not been finalized, the Health and Mental Health Services departments are continuing to work on the 12 critical elements/plans of this important initiative.

In our previous report, we prepared a summary and status for each of the 12 components, and we have updated the summary (Attachment) with the most recent information. Three items that we are highlighting during this period include efforts associated with the Low Income Health Programs (LIHP), Delivery System Reform Incentive Payment Pool (DSRIP), and care for seniors and persons with disabilities (SPDs).

- LIHP - the application was prepared and submitted to the State by the February 14, 2011, deadline. Next steps on the LIHP element include: 1) application approval from the State expected on April 8, 2011; 2) contract negotiations; and 3) program implementation July 1, 2011.
- DSRIP – three of four DSRIP categories were finalized by CMS, and DHS submitted its proposal for the three categories on February 18, 2011. DHS identified 11 projects, each containing several milestones, across the three categories.
- SPDs – this Office and DHS previously recommended that the County and the Local Initiative Health Plan of Los Angeles County, dba L.A. Care Health Plan (L.A. Care) present to your Board a provider agreement with L.A. Care for the Medi-Cal SPDs. In this agreement, the County will be a network provider for L.A. Care, who will assign these beneficiaries directly to County facilities. The County negotiating team has been meeting weekly with the L.A. Care team, and they have agreed on the components of the Division of Financial Responsibility and will soon have the initial four-month contract period rates negotiated.

Each Supervisor  
March 10, 2011  
Page 3

Provider agreements are being finalized, and on March 1, 2011, your Board delegated authority to the Director of DHS to negotiate and execute Medi-Cal managed care provider agreements with L.A. Care for SPDs, effective March 1, 2011, through September 30, 2014.

The next status report to your Board will be provided by DHS, and it is targeted for April 1, 2011.

If you have any questions, please contact me or your staff may contact Sheila Shima, Deputy Chief Executive Officer, at (213) 974-1160.

WTF:SAS  
MLM:gl

Attachment

c: Executive Office, Board of Supervisors  
County Counsel  
Health Services  
Mental Health  
Public Health

031011\_HMHS\_MBS\_REPORT ON WAIVER IMPLEMENTATION

**WAIVER INITIATIVE  
PROPOSED IMPLEMENTATION PLANS  
LOS ANGELES COUNTY**

<b>Waiver Element/Plan</b>	<b>Status</b>
<p>1. Low Income Health Programs (LIHP):</p> <ul style="list-style-type: none"> <li>• Proposed scope of health, mental health and alcohol and drug benefits;</li> <li>• Eligibility requirements;</li> <li>• Enrollment, disenrollment and redetermination procedures or limitations; and</li> <li>• Identification and movement of eligible residents into coverage as efficiently as possible.</li> </ul>	<p>DHS submitted its LIHP application to the State on February 14, 2011. Application approval is expected from the State on April 8, 2011, with contract negotiations to follow. DHS expects to implement its program on July 1, 2011.</p> <p>DHS will build upon its existing Healthy Way LA (HWLA) program, which currently has 53,000 active members who will be grandfathered into the new program. This program currently meets some LIHP requirements and will provide the framework for the County's Medicaid Coverage Expansion (MCE) program. Eligibility requirements for enrollees are set forth in the Waiver's Standard Terms and Conditions (STCs). Enrollment and redetermination procedures will comply with State requirements.</p> <p>The DHS Ambulatory Care Team is reviewing the required scope of services and access standards to develop an implementation plan for the MCE. DHS does not plan to implement a HCCI program at this time, due to low numbers of potential members and costs associated with meeting program requirements. DHS will revisit this issue for future years of the LIHP.</p> <p>Consistent with the LIHP application submitted to the State on February 14, 2011, mental health services will be available to HWLA members effective July 1, 2011. The mental health delivery system will operate through a carved out network of specifically designated mental health programs operated by DMH through directly operated and contracted programs. HWLA members will have a mental health benefit that includes the full range of Medi-Cal reimbursable mental health rehabilitative services based on medical necessity.</p>

Waiver Element/Plan	Status
<p>2. Proposed payment methodology to private community clinics, hospital partners, and any other providers, including description of how payments will encourage and reward best practices and will ensure that an adequate network of providers exists.</p>	<p>DHS and DMH have conducted a data match to identify patients using services in both departments; these patients will be given priority for enrollment in HWLA. A train the trainer session was held on February 10, 2011 for DMH staff on HWLA eligibility requirements and enrollment procedures. DMH staff will work with eligible patients needing special assistance to ensure successful enrollment.</p> <p>DPH decided not to include substance abuse benefits in the LIHP at this time; however, the departments will continue to pursue integrated services outside the scope of the LIHP.</p> <p>See below for additional information on mental health benefits in the LIHP.</p> <p>Following the STCs, private community clinics with Federally Qualified Health Center (FQHC) or FQHC look-alike status will be paid according to the Prospective Payment System for services provided to HWLA members. Existing PPP contracts, HWLA contracts and SB 474 contracts will all require revision. Discussions with the PPPs are underway to determine the payment methodology.</p> <p>Non-network private hospitals will be reimbursed for emergency and post-stabilization care provided to HWLA members.</p> <p>DHS has initiated negotiations with Antelope Valley Hospital, UCLA, and a private hospital in the east San Gabriel Valley. If negotiations are not successful, the County must provide transportation to County hospitals for patients residing in those areas. On February 22, 2010, the Board approved delegated authority to the Director of Health Services to complete and execute these agreements, subject to approval by County Counsel and the Chief Executive Office (CEO).</p> <p>Since payments to FQHCs are based on per visit rate, they do not encourage and reward best practices. DHS will explore the possibility of moving to a bundled or capitated payment. For the LIHP, DHS and PPPs are discussing alternative payment methodologies that may be permitted under the Waiver.</p>

<b>Waiver Element/Plan</b>	<b>Status</b>
<p>3. Protocols for annual Delivery System Reform Incentive Payment Pool (DSRIP), including performance measures around infrastructure development, innovation and redesign, population-focused improvements and urgent improvements to care.</p>	<p>DHS developed its DSRIP milestones to align with CMS goals and to prepare the Department for healthcare reform in 2014. Three of four DSRIP categories have been finalized by CMS, and DHS submitted its proposal for those three categories on February 18, 2011. DHS identified a total of eleven projects (each containing several milestones) across the three categories:</p> <ol style="list-style-type: none"> <li>1) Implement and utilize disease management registry functionality;</li> <li>2) Enhance urgent medical advice;</li> <li>3) Enhance coding and documentation for quality data;</li> <li>4) Enhance performance improvement and reporting capacity;</li> <li>5) Expand medical homes;</li> <li>6) Expand chronic care management model;</li> <li>7) Integrate physical and behavioral health care;</li> <li>8) Improve severe sepsis detection and management;</li> <li>9) Central line-associated bloodstream infection prevention;</li> <li>10) Reduce complications of surgical procedures; and</li> <li>11) Venous thromboembolism prevention and treatment.</li> </ol> <p>The final category is expected to be submitted by March 31, 2011. CMS approval on all four categories is expected in April, 2011.</p>
<p>4. Plans to draw down the Safety Net Care Pool (SNCP) uncompensated care funds, including plan for coverage of individuals between 133 percent and 200 percent of the Federal Poverty Level, to sustain payments to providers until the new Martin Luther King, Jr. (MLK) hospital is fully operational and to claim federal financing for workforce development programs funded by community colleges and universities.</p>	<p>The programs funded from the South L.A. Fund will continue until the new MLK hospital is fully operational. These include impacted hospital payments, PPP augmentations, strategic initiatives, and funding for operation of the MLK Multi-Service Ambulatory Care Center. Funding for these services will come from the Safety Net Care Pool and the Medicaid Coverage Expansion.</p> <p>DHS does not plan to implement a HCCI program at this time, due to low numbers of potential members and the costs associated with meeting program requirements. DHS will revisit this issue for future years of the LHIP.</p> <p>The State has used all available existing workforce development programs in the state as the nonfederal share to claim Waiver funds. As part of the development of the DSRIP plan for the County, DHS has worked with the Worker Education and Resource Center [the SEIU 721-affiliated entity] to</p>

<b>Waiver Element/Plan</b>	<b>Status</b>
<p>5. Efforts to partner with LA Care to move seniors and persons with disabilities (SPDs) into managed care.</p>	<p>develop proposals for worker training for consideration within the DSRIP.</p> <p>The State plans to begin mandatory enrollment of SPDs into managed care in June 2011, with a 12-month transition period.</p> <p>The County negotiating team (composed of representatives from CEO, DHS and County Counsel) has been meeting weekly with the L.A. Care team. The teams have agreed on the components of the "Division of Financial Responsibility (DOFR)", and will soon have the initial four-month contract period rates negotiated. At the March 1, 2011 Board meeting, DHS obtained delegated authority to complete negotiations and execute agreements, effective March 1, with L.A. Care to implement managed care for SPDs.</p>
<p>6. Preparation of workforce to implement the Waiver, including manpower shortage areas, training needs, and flexibility to better align resources to rapidly changing environment.</p>	<p>Each of the key elements of the DHS strategic plan has been evaluated for its human resource and training needs. Examples of specific action steps currently underway are developing duty statements for care managers, care coordinators, and medical assistants, and identifying temporary staffing needs for HWLA enrollment. Training is scheduled for staff in the pilot medical home clinics.</p>
<p>7. Technical assistance needed to ensure the County can immediately take advantage of this Waiver, including expertise needed to better integrate mental health and substance abuse related services with federal financing.</p>	<p>Senior leadership from each of the three departments (DHS, DMH and DPH) are meeting and will be evaluating the technical assistance needs once an initial framework is developed (refer to item #11).</p>
<p>8. Enrollment, revenue and expenditure projections.</p>	<p>Existing HWLA members (approximately 53,000 active members with services in the past year) will be grandfathered into the new MCE program. DHS projects enrollment to reach 130,000 by June, 2012. Existing DHS and PPP patients will be targeted for enrollment, with prioritization of homeless, General Relief recipients, and patients using both DHS and DMH services.</p> <p>Negotiations with LA Care are underway regarding expectations for the SPD enrollment into managed care. The key objective of the County is retaining the approximately 27,600 patients who use DHS for their care and another 2,700 who receive primary care from the PPPs and obtain specialty and</p>

Waiver Element/Plan	Status
	inpatient care at DHS.
9. Regular monitoring of efforts, including any need to establish a Waiver oversight office.	DHS developed a Waiver oversight staffing plan for implementation, monitoring, and reporting on Waiver milestones and programs. This plan will be discussed with the CEO in March.
10. Implementation timeline for system and infrastructure developments needed to comply with milestones and expectations established by the Waiver.	DHS is developing a plan with timeline for infrastructure investments needed to achieve implementation of all aspects of the Waiver. The plan is expected to be submitted to the Board by March 31, 2011.
11. Integration of health, mental health and substance abuse programs, including the integration of care and plans for outcome tracking across all three systems.	<p>Mental health services will be available to HWLA members effective July 1, 2011. The mental health delivery system will operate through a carved out network of specifically designated mental health programs operated by DMH through directly operated and contracted programs. HWLA members will have a mental health benefit that includes the full range of Medi-Cal reimbursable mental health rehabilitative services based on medical necessity.</p> <p>HWLA members with minimal or moderate mental health needs will preferentially receive mental health services through programs co-located at primary care sites or delivered through collaboration between mental health and primary care providers. Individuals with more specialized and intensive mental health services needs will mostly receive services in more specialized and usually separate mental health outpatient, inpatient, and residential settings in which the full array of mental health rehabilitation programs are available.</p> <p>DMH and DHS have begun implementing the co-located services through an integrated primary care/mental health prevention and early intervention (PEI) program. The program was implemented at El Monte Comprehensive Health Center in December, 2010, and Roybal Comprehensive Health Center in February, 2011. Mental health staff are co-located within each facility and are available to provide PEI services for HWLA members and other patients as capacity permits. This program will be expanded to four additional DHS</p>

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	<p>CHCs and Multi-service Ambulatory Care Centers.</p> <p>DMH also plans to contract with selected PPPs to augment behavioral health training and services at those agencies. In order to expedite distribution of the funds, the vehicle will be through amendments to current DHS HWLA contracts. However DMH will work to develop its own contracts with the PPPs for future funding.</p> <p>HWLA members will be screened for possible mental health services needs within their assigned medical home. If the mental health screening is positive the patient will be referred to DMH providers for a mental health assessment. At DHS facilities with co-located DMH staff the mental health assessment will be conducted on-site. Depending on the mental health needs of the patient, the mental health services may also be provide on-site or at a DMH directly operated or contract site that provides more specialized and intensive mental health services. It is expected that a similar process will be followed in PPP locations with integrated mental health services. HWLA members seen at DHS and PPP sites without integrated mental health services will be referred to DMH directly operated or contracted providers for mental health assessments and services. DHS care coordination staff will work closely with DMH to track referrals and to share information between DMH and DHS providers to manage the care of patients. In addition, HWLA members who are already receiving DMH services will be identified and DHS care coordinators will work with DMH providers to share information and coordinate care when indicated.</p> <p>HWLA members may also receive services through the patient centered behavioral health home pilot program discussed below.</p> <p>DHS and DMH are meeting regularly to develop enrollment, referral, and care coordination processes. An operations manual for the delivery of specialty mental health services to HWLA members is under development.</p> <p>DPH decided not to include substance abuse benefits in the LIHP at this time; however, the departments will continue to pursue integrated services outside</p>

<b>Waiver Element/Plan</b>	<b>Status</b>
12. Timeline and process to identify program sites to pilot the concept of patient-centered behavioral health care homes.	the scope of the LHP.  DMH has conducted an initial survey to identify examples of patient-centered behavioral health care homes currently operating successfully in Los Angeles County. A list of the existing behavioral health care homes and a map showing their locations in Los Angeles County is attached to this memo. In addition to these examples, DMH is gathering information regarding successful models implemented in other counties as a basis for future planning. During the week of February 7, a preliminary conference call was held with DMH, DHS and DPH in order to identify the goals and outcomes of a stakeholder group regarding possible expansion of patient-centered behavioral health care homes. It is anticipated that this group, which will include representatives from DMH and DHS contract providers, unions, and all three Departments, will be convened in mid-March